Land Retirement in the CALFED Bay-Delta Program

Land conversion would result from implementation of a CALFED solution alternative:

- New surface storage sites
- Strengthening of Delta levees
- Drainage reduction
- Habitat restoration
- Locally-controlled transfers

Some stakeholders advocate inclusion of land retirement for demand management. CALFED has evaluated impacts of retiring 500,000 acres in San Joaquin Valley:

- Net water savings 1.4 MAF/Yr.
- Cost about $2.25 billion plus O&M
- Water cost averages $130/a-f
- Loss in personal income would be $160 million/Yr.
- Net job loss would be 6400

Land retirement of this magnitude would fail to meet several of CALFED's solution principles:

- Reduce conflict
- Be equitable
- Be implementable
- Pose no significant redirected impacts

Background on this issue is attached.

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The solution alternatives being considered by CALFED would result in land use conversion to accomplish several objectives. Land might be converted as part of the construction of new surface water storage, in the process of strengthening Delta levees, to reduce seleniferous drainage from lands on the west side of the San Joaquin Valley, or as a result of habitat restoration. The current solution alternatives being considered by CALFED do not include permanent land retirement as a demand management measure.

There are two other circumstances under which land fallowing or retirement might take place. First, during drought periods, local irrigation districts and growers may elect to implement fallowing in order to make adequate water supplies available to other lands for crop production. This approach would be the result of integrated resources planning carried out at the local level. Second, if the CALFED Program reduces physical conveyance constraints across the Delta and reduces institutional constraints to water transfers, a more active water market may be the result. This water market could prompt local decisions to temporarily fallow or permanently retire land in order to make water available for other uses. It will be necessary for CALFED to develop mechanisms to guard against social or environmental impacts that could result from an unrestricted water market.

Some stakeholders have advocated the inclusion of permanent land retirement in the CALFED alternatives as a measure to reduce demand in Delta export areas and reduce the resulting impacts on fisheries. In response, CALFED has analyzed the potential benefits and impacts that might result from large-scale land retirement. For purposes of evaluation, CALFED considered the retirement of 500,000 acres of farmland in the San Joaquin Valley. Net water savings would be about 1.4 million acre-feet per year, at a total cost of about $2.25 billion plus operations and maintenance. This translates to a cost per acre-foot ranging from $60 to $300, with an average cost of about $130 per acre-foot.

Impacts would be significant. The annual loss in personal income would be about $160 million, with an annual loss in State and local taxes of about $16 million. the net job loss would be about 6400, but this figure does not reflect the full extent of the impact. About 22,000 jobs might be lost in the region where land was retired, while about 15,000 jobs would be created as a result of the payments made to those whose land was retired.

Land retirement of this magnitude would probably fail to meet several of the solution principles that CALFED has adopted. Some of these principles state that a Bay-Delta solution must reduce conflict in the system, be equitable, be implementable, and pose no significant redirected impacts.